

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Carolina Bank Holdings, Inc.

Point of Contact:	Allen Liles	RSSD: (For Bank Holding Companies)	2943473
UST Sequence Number:	338	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	16,000,000	FDIC Certificate Number: (For Depository Institutions)	34348
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 09, 2009	City:	Greensboro
Date Repaid <sup>1</sup> :	N/A	State:	North Carolina

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

During 2010, we increased loans held for sale, which are residential mortgage loans awaiting to be delivered to investors, by \$24.6 million, or 83.6%. Loans held for investment, primarily commercial loans, declined by \$16.6 million, or 3.1%.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

We originated approximately \$900 million in residential mortgage loans in 2010 through our mortgage division and most of these loans were sold. While our commercial loans balances declined year over year, we funded many commercial real estate and commercial & industrial loans in 2010.

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☐
Increase securities purchased (ABS, MBS, etc.).

☐
Make other investments.

☐
Increase reserves for non-performing assets.

☐
Reduce borrowings.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We avoided turning good customers away by having the capital infusion of CPP funds. The extra capital gave us the cushion to support the credit needs of our community while maintaining a strong capital position.

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We were able to support the credit needs of our customers during 2010 and maintained a strong capital position. We also expanded our mortgage division during 2010 which originated approximately \$900 million in residential loans during 2010 and provided employment for approximately 50 people.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.